

Measures to Improve Skills Development Accounts

- Focusing on Quality Management -

Hye-won Ko, Cheon-soo Park, Jae-ho Chung

Skills development accounts, which are used in voucher-based training programs, represented 71 percent of the total budget set aside for the training of the unemployed in 2010, and will supposedly account for the whole training budget in 2011. This research examines the current state of the promotion of skills development accounts, and suggests future improvements.

The research objectives and methods employed herein were as follows. First, current state and performance were identified through an analysis of the statistical data released by the Ministry of Employment and Labor, and HRD-Net data. Second, case studies involving Germany and the U.S. were conducted with regards to the evaluation of training courses and the assessment of training institutions. Third, professional conferences in which officials of the Ministry of Employment and Labor, and Job Centers, experts, and training institutions participated were held. Fourth, interviews were conducted with those involved in training institutions so as to identify the problems related to the quality of training.

Based on this analysis, the following suggestions for future improvement were made. Let us begin by looking at the standpoint of trainees. First, raising the level of expenses borne by the trainees who participate in training provided by training institutions to which the government has given poor ratings may represent a mechanism to improve the quality of vocational training services. Second, rather than supporting training without limitation as is currently the case, a lifetime ceiling on training costs should, as is done in the U.S., be imposed. This can be regarded as a possible alternative to facilitate awareness amongst trainees that skills developments accounts are their right. Third, although improvements to the trainee selection system are being prepared, such as the reinforcing of the Commission for Account Issuance, further strengthening of the standards for skills development account issuance is required to select

trainees who are truly seeking employment. It is also necessary to operate skills development accounts as a program that is not geared towards not all unemployed, but rather those who are still unemployed 3-6 months after registering for employment, or to operate the system in such a manner that it is those who are not employed who are targeted. Fourth, it is well known that many participants engage in what can be referred to as 'training shopping', and that some of these participants do not complete the training. Therefore, it may be necessary to reduce the limit cost of skills development accounts, and to restrict access to training courses.

The next points are related to training institutions and training courses. First, the motivation of training institutions to prepare quality management systems needs to be reinforced. For example, it is necessary to introduce an incentive program in which additional points are given to those training institutions that adopt a quality management system such as ISO. Second, it is necessary to allow only those training institutions with certain evaluation ratings to open training courses using skills development accounts. Third, in order to encourage training institutions to pursue best practices amidst increasing difficulties in terms of guidance, management and supervision occasioned by the expansion of the number of training institutions and courses, the employment rate and employment retention rate should be reflected in the evaluation of the suitability of training courses for skills development accounts. Fourth, training courses for skills development accounts should be prepared according to labor market demands. Fifth, the current method of evaluating the suitability of training courses for skills development accounts based on a centralized approach needs to be abandoned in favor of an approach that is focused on local employment centers. Sixth, the activation of the education and training market through the coexistence of government-supported and privately-supported training requires that capabilities, when it comes to the conduct of privately-supported training, be reflected in the evaluation of the suitability of training courses for skills development accounts. Seventh, it is essential that minimum standards be established with regards to the provision of counseling for trainees pertaining to the evaluation of the suitability of training courses for skills development accounts, and to increase the weight of employment performance and trainee counseling in assessing training institutions.

The final points are related to the government. First, the utilization of records management needs to be enhanced. The training records pertaining to skills

development accounts are currently managed as part of the Ministry of Employment and Labor's Human Resource Development Training Information Network(HRD-net). As these records can serve as an important basic background for the résumés submitted to companies, as well as training records that can be utilized in foreign countries, the utilization of these records needs to be reinforced. Second, it is necessary to examine the introduction of training accreditation as a means to improve the prior evaluation and assessment of the suitability of training courses for skills development accounts.